Citibank Europe Plc.

Pillar 3 Disclosures

30 September 2024

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Introduction

Citibank Europe Plc. ("the Company" or "CEP") and the "Group" (CEP and its subsidiaries) are recognised as being an integral part of the Citi network, both regionally and globally. The core activities of the Group comprise of Markets, Services , Banking, Wealth and Personal Banking.

CEP is a registered credit institution in the Republic of Ireland which is authorised and regulated by the Central Bank of Ireland (CBI) and supervised under the Single Supervisory Mechanism (SSM) by the European Central Bank (ECB). CEP is designated as an Other Systemically Important Institution (OSII).

CEP is headquartered in Dublin and operates across 21 branches in the European Economic Areas (EEA) and the UK. CEP hosts three Citi solution Centres (CSCs) in Ireland, Hungary and Poland providing services to CEP and other affiliates.

In November 2023, as required under the Capital Requirements Directive IV, the establishment of the Intermediate Parent Undertaking ("IPU"),was successfully completed. Citibank Holdings Ireland Ltd (("CHIL") the former parent of CEP) was removed from the holding structure and Citibank Overseas Investment Corporation's ("COIC") 75% controlling interest in Bank Handlowy w Warszawie S.A ("BHW") was transferred to CEP increasing the total assets by $19bn. The changes to the ownership of CEP, distribution of CHIL's holdings in CEP to Citi Overseas Holdings Bahamas Limited ("COHBL") are intra-group and do not involve a new entity entering the chain of ownership of CEP. In addition to the change of ownership, CEP has re-assigned the existing subordinated debt facilities from CHIL to Citibank N.A. ("CBNA"). Following completion of the IPU Transaction, BHW is included within the consolidated financial statements of CEP.

BHW is a subsidiary of CEP but, as before, will continue to operate independently. BHW offers its products and services under the Citi Handlowy brand.

CEP is Citi's principal European banking subsidiary, providing services to Citi's clients who require or wish to transact via an EU licensed bank. Citi's mission is to serve as a trusted partner to our clients by responsibly providing financial services that enable growth and economic progress.

CEP continues to progress on its strategic priorities in tandem with the reorganisation announced by Citi in Q3 2023. The objective of the reorganisation is to ensure that Citi has much clearer lines of accountability, is much more effective in ensuring a best-in-class client experience and to deliver higher returns in the medium-term. Transformation execution continues to be Citi's number one priority. CEP remains aligned with Citi's core strategy and these strategic priorities.

As a result of Citi's reorganisation and efforts to simplify its structure and operating model, the five businesses within Citi are now comprised of: Services, Markets, Banking, Wealth and Personal Banking. An overview of the changes applicable to the CEP's businesses are outlined below.

The Services organization combines Trade and Transaction Services ("TTS") and Securities Services (One Custody, Fund Services – which provides the valuation, fund accounting, investment administration and depository services; and Issuer Services – which provides services to institutional clients who are raising, deploying, or mobilising capital).

Globally, Markets provide corporate, institutional and public sector clients around the world with a full range of sales and trading services across equities, foreign exchange, rates, spread products and commodities. The range of services includes market-making across asset classes, risk management solutions, financing, prime brokerage, research, securities clearing and settlement. The Markets business on CEP serve our clients primarily via offering market making services for European government bonds, as well as related financing and derivatives transactions.

The Banking organization comprises three businesses: Investment, Corporate and Commercial Banking. Investment Banking combines both the advisory business and capital markets products. Corporate Banking provides institutions with financial services and access to Citi Global Bank. Commercial Banking is similar to Corporate Banking with the differentiating factor the target market size.

Wealth serves two client segments in CEP – Citi Private Bank (CPB) and Wealth at Work (WaW). The CEP businesses have identified client acquisition and product strategies that cross multiple verticals and geographies.

Regulatory framework for disclosure

The Capital Requirements Directive (CRD V) package was transposed into Irish law on 22 December 2020. It implements the provisions of the Basel Capital Accord in the European Union (EU) and mandates a framework of capital adequacy regulation for banks and investment firms incorporating three distinct pillars:

- Pillar 1 prescribes the minimum capital requirements for such firms;
- Pillar 2 addresses the associated supervisory review process; and,
- Pillar 3 specifies further public disclosure requirements in respect of their capital and risk profile.

The basis of the disclosure for CEP is on a consolidated basis (Group) for all periods.

These disclosures are made in accordance with Part Eight of Regulation (EU) No 575/2013 of the Capital Requirements Regulation (CRR), as amended under Capital Requirements Regulation II (CRR II). In addition, CEP has implemented the disclosure templates and instructions as set out in the European Banking Authority's (EBA) final Implementing Technical Standards (ITS) on public disclosures in Commission Implementing Regulation (EU) 2021/637.

Frequency and Scope of disclosure

In accordance with Article 433 of the CRR, as amended by CRR II, CEP publishes disclosures in the manner set out in Article 433a (1) and 433a (3), which specifies disclosure requirements for listed large Institutions as defined by Article 4 (146 and 148). CEP publishes Pillar 3 Disclosures quarterly, with a more comprehensive disclosure on an annual basis. The scope covered by CEP's quarterly disclosures include the Minimum Requirement for Own funds and Eligible liabilities (MREL), Key metrics, Overview of Risk Weighted Exposures and Liquidity. All disclosures are made in EUR, unless otherwise stated. CEP publishes its Pillar 3 Disclosures at: https://www.citigroup.com/citi/investor/reg.htm.

Policy and Verification

In accordance with Article 431 (3) of the CRR II, CEP's Pillar 3 Disclosures are covered under the Citi EU Pillar 3 Standard, which outlines the principles and minimum standards to be applied for preparing CEP's Pillar 3 Disclosures. The firm operates within a framework of internal controls and procedures for assessing the appropriateness of this disclosure.

This Pillar 3 document is subject to a formal governance process and was reviewed by the CEP Executive Committee,

Attestation by Chief Financial Officer ("CFO")

I confirm that CEP has taken reasonable measures to ensure that the information presented in this disclosure complies with the requirements of Part 8 of EU Regulation No.2013/575, 2019/876 (and its subsequent amendments) and the disclosure has been prepared in accordance with the internal control processes, systems and policies detailed in Citi's Basel Public Disclosure Policy and supporting Pillar 3 Standard.

Natalia Bozek
CEP Chief Financial Officer

Regulatory Outlook

Basel Reforms

The Basel Committee on Banking Supervision has proposed new regulations covering a number of areas such as a new Standardised Approach to Credit Risk (SA-CR), a new Credit Valuation Adjustment ("CVA") framework, revisions to the approach to Securities Financing Transactions, further elements of Fundamental Review of the Trading Book ("FRTB"), the Output Floor and a new Standardised Approach to Operational Risk.

In June 2024, the European Commission published the final CRR text (known as CRR III) in the Official Journal of the EU (OJ). The implementation date for these rules is 1 January 2025 with the exception of market risk where a delegated act has been published to move the FRTB start date to 1 January 2026 in order to maintain a level playing field with other jurisdictions.

Standardised Approach to Credit Risk (SA-CR)

This introduces two broad methodologies: one which allows the use of external ratings, and the other which requires firms to grade their exposures. It also introduces a specific framework for specialised lending, higher risk weights for equities and subordinated debt, and an override, based on the firm's internal assessment of credit risk, to increase risk weights where the standard risk weights are deemed insufficient.

New CVA Framework

A new Standardised Approach (SA-CVA) is introduced that may only be applied by a firm that has the relevant supervisory approval. The firm must have a CVA desk and have the ability to model exposure and calculate CVA sensitivities, in order to obtain that approval. The alternative is for firms to apply the Basic Approach (BA-CVA) which has two versions: a simpler version for firms that do not hedge their CVA and a full version for those that do.

Revisions to the approach to Securities Financing Transactions ("SFTs")

This revises the approach to SFTs under master netting agreements to allow greater recognition of diversification.

Fundamental Review of the Trading Book ("FRTB")

Pursuant to the delegated act published in the OJ, existing CRRII reporting and disclosure requirements will continue until FRTB is implemented as a binding requirement.

Output Floor

Total Risk Weighted Exposure Amounts ("RWEAs") are floored at 72.5% of a firm's RWEAs under the standardised approach (SA). This is phased in from 50% to 72.5% over 6 years. The European Banking Authority has provided clarification that during the 1-year FRTB deferral period, the floored risk weighted exposure amount (S-TREA) should be determined on the basis of the standardised approach of the FRTB (FRTB-SA).

Standardised Approach to Operational Risk

The new Standardised Approach replaces all the existing approaches in the Basel II framework (Basic Indicator Approach, the Standardised Approach and the Advanced Measurement Approach). The new standardised approach is based on a business indicator linked to the financial statements, the application of marginal coefficients which increase with size and an internal loss multiplier, which is set to 1.

Environmental, Social and Governance ("ESG") Risks

A new harmonised definition of the risks has been developed and firms have new reporting requirements to comply with. Some amendments to weightings have been proposed in the EU.

Crypto Asset Exposures

CRRIII introduces a transitional regime for cryptoasset exposures. Tokenised traditional assets shall be treated as exposures to the traditional assets that they represent, and specific types of stable coins shall be assigned a 250% risk weight. Other cryptoasset exposures shall be assigned a 1,250 % risk weight.

Key Metrics

CEP's capital resources consist predominately of Common Equity Tier 1 (CET1) capital. As at September 2024, CEP's total capital ratio was 23.53%, which significantly exceeds the regulatory overall capital requirement of 14.87%, and the leverage ratio of 9.85% is significantly in excess of the 3.0% regulatory requirement.

Table 1: EU KM1 – Key Metrics template

		30 September 2024	30 June 2024	31 March 2024	31 December 2023
	Available own funds[1]	**€ million**	€ million	€ million	€ million
1	Common Equity Tier 1 (CET1) capital	**16,616**	17,350	17,260	16,957
2	Tier 1 capital	**16,616**	17,350	17,260	16,957
3	Total capital	**16,616**	17,350	17,260	16,957
	Risk-weighted exposure amounts				
4	Total risk-weighted exposure amount	**70,605**	66,770	63,622	66,977
	Capital ratios				
5	Common Equity Tier 1 ratio (%)	**23.53%**	25.99%	27.13%	25.32%
6	Tier 1 ratio (%)	**23.53%**	25.99%	27.13%	25.32%
7	Total capital ratio (%)	**23.53%**	25.99%	27.13%	25.32%
	Additional own funds requirements to address risks other than the risk excessive leverage				
EU 7a	Additional own funds requirements to address risks other than the risk of excessive leverage (%)	**2.50%**	2.50%	2.50%	2.50%
EU 7b	of which: to be made up of CET1 capital (percentage points)	**1.41%**	1.41%	1.41%	1.41%
EU 7c	of which: to be made up of Tier 1 capital (percentage points)	**1.88%**	1.88%	1.88%	1.88%
EU 7d	Total SREP own funds requirements (%)	**10.50%**	10.50%	10.50%	10.50%
	Combined buffer requirement				
8	Capital conservation buffer (%)	**2.50%**	2.50%	2.50%	2.50%
EU 8a	Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	**0.00%**	0.00%	0.00%	0.00%
9	Institution specific countercyclical capital buffer (%)	**0.87%**	0.84%	0.76%	0.71%
EU 9a	Systemic risk buffer (%)	**0.00%**	0.00%	0.00%	0.00%
10	Global Systemically Important Institution buffer (%)	**0.00%**	0.00%	0.00%	0.00%
EU 10a	Other Systemically Important Institution buffer	**1.00%**	1.00%	1.00%	1.00%
11	Combined buffer requirement (%)	**4.37%**	4.34%	4.26%	4.21%
EU 11a	Overall capital requirements (%)	**14.87%**	14.84%	14.76%	14.71%
12	CET1 available after meeting the total SREP own funds requirements (%)	**13.03%**	15.49%	16.63%	14.82%
	Leverage ratio				
13	Total exposure measure	**168,678**	171,192	165,062	153,380
14	Leverage ratio (%)	**9.85%**	10.14%	10.46%	11.06%
	Additional own funds requirements to address the risk of excessive leverage				
EU 14a	Additional own funds requirements to address the risk of excessive leverage (%)	**0.00%**	0.00%	0.00%	0.00%
EU 14b	of which: to be made up of CET1 capital (percentage points)	**0.00%**	0.00%	0.00%	0.00%
EU 14c	Total SREP leverage ratio requirement (%)	**3.00%**	3.00%	3.00%	3.00%
EU 14d	Leverage ratio buffer requirement (%)	**0.00%**	0.00%	0.00%	0.00%
EU 14e	Overall leverage ratio requirements (%)	**3.00%**	3.00%	3.00%	3.00%
	Liquidity Coverage Ratio[2]				
15	Total high-quality liquid assets (HQLA) (Weighted value-average)	**50,229**	49,743	47,775	46,306
EU 16a	Cash outflows - Total weighted value	**45,188**	45,207	44,281	42,717
EU 16b	Cash inflows - Total weighted value	**8,398**	8,440	8,184	8,933
16	Total net cash outflows (adjustment value)	**36,790**	36,767	36,097	33,784
17	Liquidity coverage ratio (%)	**136.54%**	135.31%	132.51%	137.07%
	Net Stable Funding Ratio				
18	Total available stable funding	**57,027**	56,628	54,778	53,351
19	Total required stable funding	**35,999**	36,479	34,030	29,764
20	NSFR ratio (%)	**158.41%**	155.23%	160.97%	179.25%

[1] Please note 31 December 2023 data refers to the CEP Consolidated (Group) end of year metrics.
[2] Please note the computation approach for the average LCR figures pertaining to the June 2024, March 2024 and December 2023 periods has been revised. Please see further details on page 10, above the EU LIQ1 Table.

As at 30 September 2024, CEP's total capital ratio stands at 23.53%, a decrease of 1.79% compared to year-end. This is mainly driven by a decrease of 1.19% in Own Funds due to the EUR/USD FX Rate change.

CEP's leverage ratio decreased to 9.85% as at 30 September 2024, mainly due to an overall € 15 billion increase on total leverage exposure driven by a € 14 billion increase on Regular-way purchases and sales.

Overview of Risk Weighted Exposure Amounts

Table 2: EU OV1 - Overview of total risk exposure amounts

		30 September 2024	31 December 2023	30 September 2024
		Risk weighted exposure amounts (RWEAs)		Total own funds requirements
		€ million	€ million	€ million
1	**Credit risk (excluding CCR)**	48,294	43,386	3,863
2	Of which the standardised approach	48,294	43,386	3,863
3	Of which the Foundation IRB (F-IRB) approach	—	—	—
4	Of which: slotting approach	—	—	—
EU 4a	Of which: equities under the simple risk weighted approach	—	—	—
5	Of which the Advanced IRB (A-IRB) approach	—	—	—
6	**Counterparty credit risk - CCR**	6,793	7,843	543
7	Of which the standardised approach	1,214	1,401	97
8	Of which internal model method (IMM)	2,870	3,821	230
EU 8a	Of which exposures to a CCP	146	120	12
EU 8b	Of which credit valuation adjustment - CVA	1,131	2,071	90
9	Of which other CCR	1,432	429	115
15	**Settlement risk**	—	—	—
16	**Securitisation exposures in the non-trading book (after the cap)**	112	129	9
17	Of which SEC-IRBA approach	—	—	—
18	Of which SEC-ERBA (including IAA)	1	1	—
19	Of which SEC-SA approach	111	128	9
EU 19a	Of which 1250%	—	—	—
20	**Position, foreign exchange and commodities risk (Market risk)**	9,284	9,416	743
21	Of which the standardised approach	2,668	3,576	213
22	Of which IMA	6,617	5,840	529
EU 22a	**Large exposures**[1]	—	—	—
23	**Operational risk**	6,122	6,203	490
EU 23a	Of which basic indicator approach	—	—	—
EU 23b	Of which standardised approach	6,122	6,203	490
EU 23c	Of which advanced measurement approach	—	—	—
24	Amounts below the thresholds for deduction (subject to 250% risk weight)	435	441	35
29	**Total**	70,605	66,977	5,648

[1] Large Exposure (LEX) capital requirements are calculated on the trading book excess. As at 30 September 2024 CEP had no LEX related RWEA.

Credit Risk

RWEA increased by €4.9 billion primarily due to new Customer Loans by €1.6 billion, Unused Commitments by €1.2 billion.

Counterparty Credit Risk

RWEA decreased by €1.1 billion mainly driven by €0.9 billion decrease on credit valuation adjustment, €0.7 billion decrease on FX derivatives, €0.3 billion decrease on equity derivatives in the private bank business, partially offset by €1.0 billion increase on the SFT portfolio.

Operational risk

RWEA decreased by €0.1 billion due to the EUR/USD FX Rate change.

Market Risk

RWEA decreased by €0.1 billion driven by a decrease in FX risk due to a decrease on net long positions which was partially offset by an increase in internal model approach on IRC due to increased long Spanish sovereign exposure.

Table 3: EU CCR7 - RWEA flow statements of CCR exposures under the IMM

This table presents a flow statement explaining changes in the CCR RWEAs under the IMM calculation. This table is disclosed at CEP Individual level. There are no BHW positions calculated under IMM, as BHW do not have permission.

		RWA
		€ million
1	**RWA as at 30 June 2024**	**3,435**
2	Asset size	(570)
3	Credit quality of counterparties	5
4	Model updates (IMM only)	—
5	Methodology and policy (IMM only)	—
6	Acquisitions and disposals	—
7	Foreign exchange movements	—
8	Other	—
9	**RWA as at 30 September 2024**	**2,870**

CEP's CCR RWEAs under IMM decreased by €0.6 billion, mainly driven by €0.4 billion decrease on FX derivatives and €0.2 billion decrease on interest rate derivatives.

Table 4: EU MR2-B: RWEA flow statements of market risk exposure under the IMA

This table presents a flow statement explaining variations in the market risk RWEAs. This table is disclosed at CEP Individual level as BHW calculates market risk under the standardised approach.

		VaR	SVaR	IRC	Comprehensive risk measure	Other	Total RWAs	Total own funds requirements
		€ million	€ million	€ million	€ million	€ million	€ million	€ million
1	**RWEAs as at 30 June 2024**	908	2,668	1,147	—	—	4,723	378
1a	*Regulatory adjustment*	(693)	(1,950)	(167)	—	—	(2,810)	(225)
1b	*RWEAs at 30 June 2024 (end of the day)*	216	718	980	—	—	1,913	153
2	Movement in risk levels	74	280	988	—	—	1,342	107
3	Model updates/changes	(8)	—	—	—	—	(8)	(1)
4	Methodology and policy	—	—	—	—	—	—	—
5	Acquisitions and disposals	—	—	—	—	—	—	—
6	Foreign exchange movements	(10)	(33)	(45)	—	—	(88)	(7)
7	Other	—	—	—	—	—	—	—
8a	*RWEAs at 30 September 2024 (end of the day)*	272	965	1,923	—	—	3,160	253
8b	*Regulatory adjustment*	732	2,725	—	—	—	3,457	277
8	**RWAs as at 30 September 2024**	1,004	3,690	1,923	—	—	6,617	529

CEP calculated market risk exposure under the IMA increased by € 0.1 billion due to increased level of risk taking on the EGB desk, also IRC increased by € 0.1 billion due to increased long Spanish sovereign exposure.

Minimum Requirement for Own Funds and Eligible Liabilities

Under Bank Recovery and Resolution Directive (BRRD II), published in the Official Journal of the EU as Directive 2014/15/EU, amended by Directive (EU) 2019/876 in May 2019, credit institutions must hold a certain level of own funds and loss absorbing (bail-in-able) liabilities to support the institution in the event of a resolution. This requirement is referred to as the Minimum Requirement for Own Funds and Eligible Liabilities (MREL). MREL resources are comprised of qualifying own funds and eligible liabilities.

CEP is deemed a Relevant Legal Entity as per the Single Resolution Board (SRB) MREL policy published in June 2022; and is subject to an internal MREL requirement. Since 1 January 2024, CEP has been required to comply with an intermediate binding requirement of 24.29% (plus its combined buffer requirement "CBR," which was 4.37% as at 30 Sep 2024) of Total Risk Exposure Amount (TREA) and 6% of Leverage Ratio Exposure (LRE), as communicated by the SRB.

TLAC

Under the CRR II, firms that are material subsidiaries of non-EU Global Systemically Important Institutions (non-EU G-SIIs) per the CRR definition are subject to an internal minimum amount of Total Loss-Absorbing Capacity (iTLAC). CEP continues to meet the definition of material subsidiary as per Art 4(135) of CRR, hence is also subject to the iTLAC requirements in addition to the MREL requirements under BRRD II.

CEP has an iTLAC requirement of 16.2% (plus its CBR) of TREA, and 6.075% of LRE, in line with Article 92(b) of the Capital Requirements Regulation (CRR). CEP's Eligible Liabilities are currently structured and documented in such a way to satisfy both the CRR TLAC and BRRD MREL requirements.

CEP has an internal management action trigger framework in place to ensure compliance with the regulatory requirements and its internal risk appetite.

Table 5: EU iLAC – Internal loss absorbing capacity

	€ million	Minimum requirement for own funds and eligible liabilities (internal MREL)	Non-EU G-SII Requirement for own funds and eligible liabilities (internal TLAC)	Qualitative information
Applicable requirement and level of application				
EU 1	Is the entity subject to a Non-EU G-SII Requirement for own funds and eligible liabilities? (Y/N)			Y
EU 2	If EU 1 is answered by 'Yes', is the requirement applicable on a consolidated or individual basis? (C/I)			C
EU 2a	Is the entity subject to an internal MREL requirement? (Y/N)			Y
EU 2b	If EU 2a is answered by 'Yes', is the requirement applicable on a consolidated or individual basis? (C/I)			C
Own funds and eligible liabilities				
EU 3	Common Equity Tier 1 capital (CET1)	16,616	16,616	
EU 4	Eligible Additional Tier 1 instruments	—	—	
EU 5	Eligible Tier 2 instruments	—	—	
EU 6	Eligible own funds	16,616	16,616	
EU 7	Eligible liabilities	9,190	9190	
EU 8	Of which permitted guarantees	—		
EU 9a	(Adjustments)	—		
EU 9b	Own funds and eligible liabilities items after adjustments	25,806	25,806	
Total risk exposure amount and total exposure measure				
EU 10	Total risk exposure amount	70,605	70,605	
EU 11	Total exposure measure	168,678	168,678	
Ratio of own funds and eligible liabilities				
EU 12	Own funds and eligible liabilities (as a percentage of TREA)	36.55%	36.55%	
EU 13	>>> of which permitted guarantees	0.00%		
EU 14	Own funds and eligible liabilities (as a percentage of leverage exposure)	15.30%	15.30%	
EU 15	>>> of which permitted guarantees	0.00%		
EU 16	CET1 (as a percentage of TREA) available after meeting the entity's requirements	12.26%	12.26%	
EU 17	Institution-specific combined buffer requirement*		4.37%	
Requirements				
EU 18	Requirement expressed as a percentage of the total risk exposure amount***	28.66%	16.20%	
EU 19	>>> of which may be met with guarantees	0.00%		
EU 20	Internal MREL expressed as percentage of the total exposure measure	6.00%	6.08%	
EU 21	>>> of which may be met with guarantees	0.00%		
Memorandum items				
EU 22	Total amount of excluded liabilities referred to in Article 72a(2) CRR**		113,337	

* Row EU 17 requires reporting Institution-specific combined buffer requirement, but EBA template mapping refers to cell M 03.00, r0540, c0020 (O-SII requirement). CEP is reporting the Institution-specific combined buffer requirement in this row.
** Row EU 22 requires reporting Total amount of excluded liabilities referred to in Article 72a(2) CRR, but EBA template mapping refers to cell M 03.00, r0590, c0020 (Other bailinable liabilities with residual maturity of >= 1 year and < 2 years). CEP is reporting Total amount of excluded liabilities in this row.
*** Row EU 18 The 28.66% Total MREL requirement is comprised of a base requirement of 24.29% plus Combined Buffer Requirement (CBR) of 4.37%.

Liquidity Risk

Table 6: EU LIQ1 – Quantitative information of LCR

The basis of the disclosure for CEP is on a consolidated basis starting with 31 December 2023. Under the current Q3 2024 Pillar 3 disclosures, for all periods reported, the values and figures are computed for the Group (CEP Consolidated, established as the Intermediate Parent Undertaking in November 2023). The numbers are computed as the simple averages of month-end observations available over the twelve months preceding the end of each quarter. Hence, 31 December 2023 data refers to the Group end of year metrics. Values and figures disclosed for March 2024, June 2024, September 2024 for the Group, are calculated as the simple averages of month-end observations over the four months, seven months and ten month respectively preceding each quarter end. This revised approach with consolidated values applied for LCR was preferred to the one followed in prior disclosures (those for Q4 2023 and Q2 2024) where numbers were computed at all time s as averages of 12 month-ends, which meant that averaged data points referred to both CEP individual and CEP Consolidated entities.

		Total unweighted value				Total weighted value			
		September 2024	June 2024	March 2024	December 2023	September 2024	June 2024	March 2024	December 2023
Number of data points used in the calculation of averages		10	7	4	1	10	7	4	1
		€ million	€ million	€ million	€ million	**€ million**	€ million	€ million	€ million
HIGH-QUALITY LIQUID ASSETS									
1	Total high-quality liquid assets (HQLA)					50,229	49,743	47,775	46,306
CASH-OUTFLOWS									
2	Retail deposits and deposits from small business customers, of which:	6,758	6,744	6,638	6,500	1,734	1,728	1,654	1,532
3	*Stable deposits*	1,529	1,515	1,506	1,485	76	76	75	74
4	*Less stable deposits*	4,187	4,193	4,156	4,119	615	615	603	562
5	Unsecured wholesale funding	63,178	62,932	61,172	58,889	32,932	32,932	32,179	30,418
6	*Operational deposits (all counterparties) and deposits in networks of cooperative banks*	22,403	22,963	23,159	23,906	5,577	5,717	5,771	5,958
7	*Non-operational deposits (all counterparties)*	40,775	39,969	38,013	34,982	27,355	27,216	26,407	24,460
8	*Unsecured debt*	—	—	—	—	—	—	—	—
9	Secured wholesale funding					40	31	20	17
10	Additional requirements	38,288	37,804	37,770	39,248	7,272	7,251	7,272	7,612
11	*Outflows related to derivative exposures and other collateral requirements*	2,323	2,410	2,554	2,812	2,323	2,410	2,554	2,812
12	*Outflows related to loss of funding on debt products*	—	—	—	—	—	—	—	—
13	*Credit and liquidity facilities*	35,965	35,394	35,216	36,436	4,949	4,841	4,718	4,799
14	Other contractual funding obligations	7,522	7,710	7,957	8,679	2,779	2,840	2,734	2,740
15	Other contingent funding obligations	16,148	16,181	16,139	15,631	431	425	421	398
16	TOTAL CASH OUTFLOWS					45,188	45,207	44,281	42,717
CASH-INFLOWS									
17	Secured lending (e.g. reverse repos)	15,769	14,773	14,230	13,013	461	547	835	1,015
18	Inflows from fully performing exposures	6,049	5,927	5,529	6,079	4,908	4,816	4,417	4,972
19	Other cash inflows	4,633	4,614	4,382	4,409	3,029	3,077	2,932	2,946
EU-19a	(Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer restrictions or which are denominated in non-convertible currencies)	—	—	—	—	—	—	—	—
EU-19b	(Excess inflows from a related specialized credit institution)	—	—	—	—	—	—	—	—
20	TOTAL CASH INFLOWS	26,451	25,314	24,141	23,501	8,398	8,440	8,184	8,933
EU-20a	***Fully exempt inflows***	—	—	—	—	—	—	—	—
EU-20b	***Inflows Subject to 90% Cap***	—	—	—	—	—	—	—	—
EU-20c	***Inflows Subject to 75% Cap***	26,451	25,314	24,141	23,501	8,398	8,440	8,184	8,933

TOTAL ADJUSTMENT VALUE					
21	**LIQUIDITY BUFFER**	50,229	49,743	47,775	46,306
22	**TOTAL NET CASH OUTFLOWS**	36,790	36,767	36,097	33,784
23	**LIQUIDITY COVERAGE RATIO (%)**	136.54 %	135.31 %	132.51 %	137.07 %

LCR Evolution and Drivers

At all times, CEP's LCR remained well in excess of all internal and regulatory limits.
From December 2023, the LCR has trended lower compared to prior periods as disclosures since then refer to CEP Consolidated metrics. The decline is due to the regulatory required reporting treatment of HQLA under the CEP Consolidated entity, that reflects restrictions to the free transferability of liquid assets from BHW to CEP. Therefore, BHW HQLA in excess of BHW net outflows in LCR, is not be recognized as HQLA for CEP Consolidated and constitutes trapped liquidity with CEP Consolidated entity. CEP customer deposits remain at elevated levels in 2024, significantly above the prior year volumes, contributing to a highly liquid CEP position. Consequently, the consolidated LCR ratio was at all times above 130%, significantly higher than internal and regulatory limits.

The liquidity buffer is the primary mechanism for ensuring that CEP can withstand the prescribed stresses under LCR. In line with the criteria set out in the LCR Delegated Regulation, the assets held in the buffer are unencumbered, well diversified, under the control of Corporate Treasury and monetisable in a stress scenario. CEP also ensures that the currency denomination of its buffer is consistent with the distribution by significant currency of its net liquidity outflows. The buffer is comprised of cash placed with European central banks and high quality, unencumbered securities. The composition of the liquidity buffer remained largely unchanged in the first quarter of 2024. As at 30 September 2024, the liquidity buffer equated to €52 billion. This comprised of cash held at central banks (62%) and high-quality securities (38%), mainly European (including sovereign bonds issued by CZ, RO, HU, PL) and US government bonds.

MREL is a long-term and stable funding and therefore does not generate an outflow in the LCR. The largest component of outflows for CEP is unsecured wholesale funding. Other material drivers of CEP's outflows include committed credit and liquidity facilities and derivatives. LCR inflows are primarily from loans receivable in the next 30 days. The acquisition of Bank Handlowy significantly increased the amount of retail deposits in the consolidated funding profile.

Currency mismatch in the LCR

Due to the global nature of the business model, CEP has a multi-currency balance sheet, the resulting currency risk (mismatch between the currency of assets and the currency of liabilities) is monitored and managed daily ensuring CEP has sufficient liquidity to continue business activities and withstand stresses on an individual currency basis.

CEP reports and monitors LCR on a consolidated basis in the reporting currency (EUR) and on an individual currency basis for significant currencies. Significant currencies are defined as currencies in which aggregate liabilities are greater than 5% of total liabilities.

As of 30 September 2024 significant currencies in CEP were EUR, USD and PLN and GBP. To monitor significant currencies, CEP has a currency limits framework comprised of a suite of LCR and internal limits.

Derivative exposures and potential collateral calls

In the ordinary course of business, CEP enters into various types of derivative transactions, including bilateral transactions that are OTC and transactions settled via exchanges with central counterparties. CEP maintains liquidity reserves to counter potential liquidity outflows from derivatives.

CEP's LCR reports additional collateral outflows per the historical lookback approach. This additional outflow is based on the past 24 months of net daily collateral flows over any consecutive 30-day period. The highest point of which is considered as outflow weighted at 100%, simulating the impact of an adverse market scenario on CEP's derivative portfolio. Throughout 2023 and 2024, contingent outflows relating to downgrade triggers were immaterial.

Other items relevant for the LCR calculation

CEP is a direct participant in Settlement Systems where it offers General Clearing Member (GCM) services across EMEA and Settlement Agent services in multiple European markets through CEP's branches and the centralised Target 2 Securities clearing platform. To support direct clearing activity CEP must post cash and securities collateral in order to access credit lines and fund payment obligations. To ensure there is sufficient liquidity to meet CEP's intraday liquidity needs, any cash amount regularly used for intraday payments and any collateral pledged for intraday credit are reported as encumbered for CEP's regulatory liquidity reporting. The ALCO Technical Review Forum serves as the supporting committee for the monitoring and review of intraday liquidity and related encumbered collateral.

Abbreviations

Please refer to the below abbreviations used frequently throughout the document.

ALCO	Asset and Liability Committee
BRRD	Bank Recovery and Resolution Directive
CBR	Combined Buffer Requirement
CCP	Corporate and Commercial Banking
CCR	Counterparty Credit Risk
CEP	Citigroup Europe Plc
CET1	Common Equity Tier 1
CFO	Chief Finance Officer
CRD	Capital Requirements Directive
CRR	Capital Requirements Regulation
CVA	Credit Valuation Adjustment
DLT	Distributed Ledger Technologies
EBA	European Banking Authority
EEA	European Economic Area
EMEA	Europe, Middle East and Africa
ESG	Environmental, Social and Governance
EU	European Union
FRTB	Fundamental Review of the Trading Book
FX	Foreign exchange
G-SII	Global Systemically Important Institution
HQLA	High-Quality Liquid Assets
IMA	Internal Model Approach
IMM	Internal Models Method
IPU	Intermediate Parent Undertaking
IRC	Incremental Risk Charge
ITS	Implementing Technical Standard
LCR	Liquidity Coverage Ratio
LEX	Large Exposure
LRE	Leverage Ratio Exposure
MREL	Minimum Requirement for Own Funds and Eligible Liabilities
NSFR	Net Stable Funding Ratio
OTC	Over The Counter
RWEA	Risk Weighted Exposure Amount
SA	Standardised Approach
SA-CCR	Counterparty Credit Risk
SA-CR	Standardised Approach to Credit Risk
SA-CVA	Standardised Approach to Credit Valuation Adjustment
SBM	Sensitivities-Based Method
SEC-SA	Securitisation Standardised Approach
SFT	Securities Financing Transaction
SRB	Single Resolution Board
SVaR	Stressed Value at Risk
SREP	Supervisory Review and Evaluation Process
SSM	Single Supervisory Mechanism
TLAC	Total Loss Absorbing Capacity
TREA	Total Risk Exposure Amount
VaR	Value at Risk